3Q25

Greater Toronto Area Industrial Market Overview

NEWMARK

Newmark’s Canadian Industrial Markets

Canada’s national industrial market recalibration following the end of the COVID-19 pandemic has seen both supply and demand factors move towards a rebalancing of the market with conditions increasingly returning to those last seen in the late 2010s. Leasing volumes, particularly for logistics space, had been normalizing after recording significant growth during the pandemic as distribution demand, while weakening, remained a key leasing driver. While threats of U.S. tariffs represent a risk to Canadian supply chains (and range of industry sectors), national demand has remained resilient and on a solid footing. An overhang in supply of new speculative warehouse space remained a concern in Canada’s major distribution markets.

Greater Vancouver Area 3Q25

254 MSF
3.1% Vacancy
4.6% Availability
C$26.7 PSF*

Greater Toronto Area 3Q25

953 MSF
3.2% Vacancy
4.2% Availability
C$21.7 PSF*

Source: Newmark Research, Altus Data Solutions, CoStar
*Total estimated direct gross rent

Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy was 3.2% at third-quarter 2025, up slightly from the 3.0% recorded a year earlier and virtually unchanged from the 3.1% recorded the previous quarter.

Heightened leasing velocity through third-quarter 2025 saw the prior sense of economic unease and uncertainty related to the threat of U.S. tariffs exceeded by a need to move forward.

While sublease availability in third-quarter 2025 declined by 25% when compared with the record high set at mid-2025, more than 5.6 msf remained available, primarily in Peel region.

Rent differentiation among submarkets impacting tenant decisions as occupiers seek lower rents as the floor for headlease rates is being softened by competitive sublease space.

Halton had the highest industrial vacancy rate in the GTA at 7.7%, followed by Durham (5.0%). York was the tightest submarket (1.8%) followed by Toronto at 2.6%. Peel sat at 2.9%.

More than 11.4 msf was under construction in the GTA at third-quarter 2025, an increase from the 9.8 msf under construction a year earlier and up from 10.9 msf in the previous quarter.

The evolving transformation of GTA's post-Covid industrial market is highlighting regional resiliency as demand remained robust in the face of challenging macroeconomic indicators.

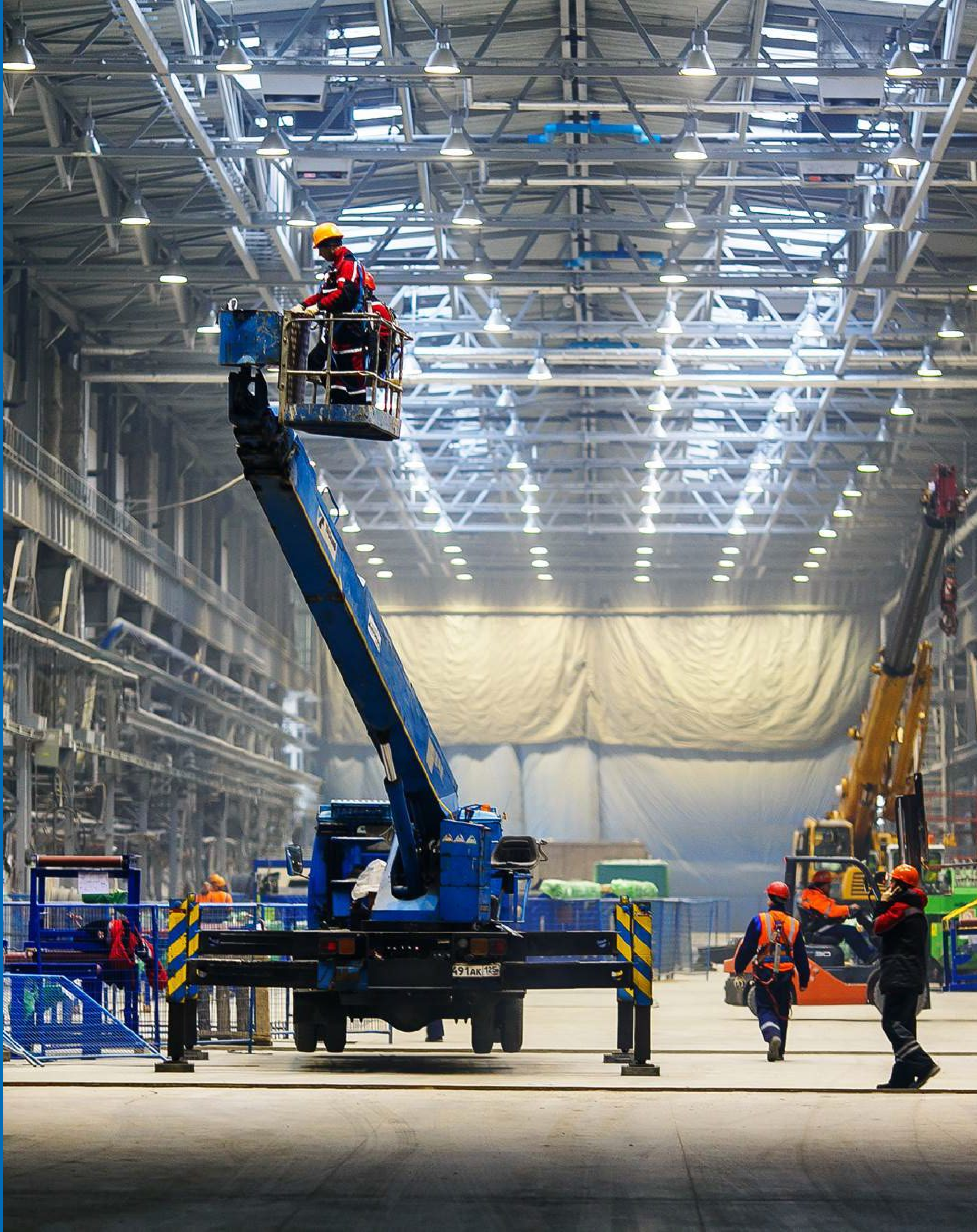
Tenants with strong covenants are better positioned to secure better lease rates and concessions from landlords, while tenants without such finances offered less favourable terms.

Sale proceeds of ~$4.1B for GTA industrial assets at the third quarter of 2025 was virtually unchanged from the same period in 2024, which was the lowest total since the first nine months of 2020.

Source: Newmark Research, Altus Data Solutions

3Q25

GTA Industrial Market Metrics



Greater Toronto Area (GTA) Industrial Submarket Statistics | 3Q25

Submarket Statistics – All Classes

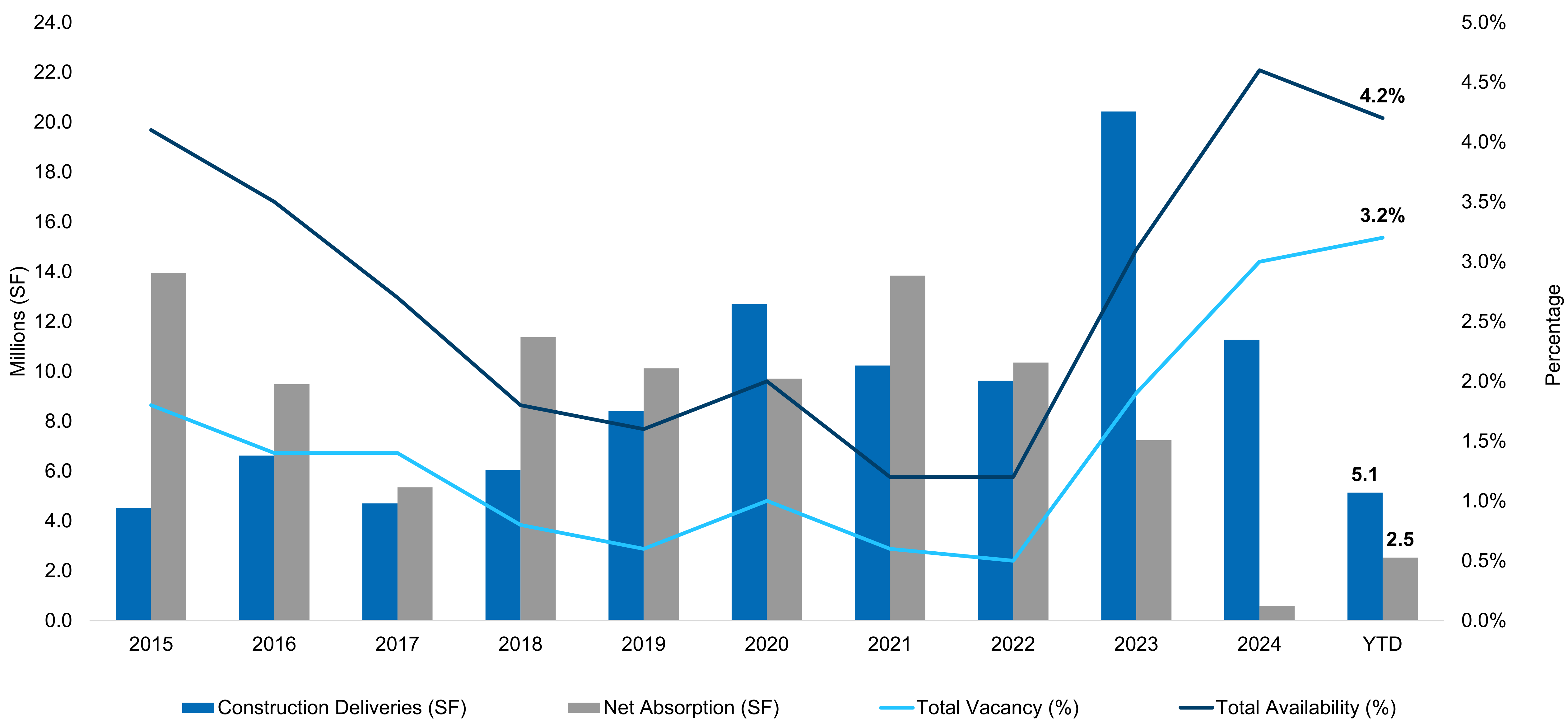
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Annual Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	Estimated Asking Rate ($/SF)	Total Additional Rent ($/SF)
Greater Toronto Area (GTA)	**952,663,402**	**11,458,558**	**3.2%**	**200,577**	**2,614,479**	**3.6%**	**0.6%**	**C$16.7**	**C$5.0**
Peel Region (Mississauga, Brampton, Caledon) – GTA West	326,850,162	4,840,154	2.9%	505,643	1,281,799	3.4%	1.0%	C$17.2	C$4.9
Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central	261,055,956	1,009,717	2.6%	-1,146,990	-800,620	2.7%	0.4%	C$16.2	C$5.4
York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North	201,367,327	3,882,678	1.8%	155,681	1,682,859	2.0%	0.3%	C$18.1	C$4.8
Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West	100,528,908	560,651	7.7%	323,666	-328,882	8.3%	0.3%	C$17.0	C$4.4
Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East	62,861,049	1,165,358	5.0%	362,577	779,323	5.3%	0.3%	C$12.6	C$6.0

Source: Newmark Research, Altus Data Studio

GTA Industrial Market Holding Pattern Breaking Up As Tenants Move Towards Action

GTA's industrial market of ~953 msf – Canada's largest – had been one of North America's tightest industrial markets for almost a decade. Annual absorption in the GTA had been in decline since 2021 when it peaked at ~13.9 msf before fading to ~590k sf in 2024. A strong start was offset by a weak performance in the second quarter of 2025 - likely related to economic uncertainty arising from U.S. tariff threats – but tenants were no longer able to delay. Many began to act in the third quarter in an increasingly tenant-friendly market.

GTA Historical Construction Deliveries, Net Absorption, Vacancy and Availability

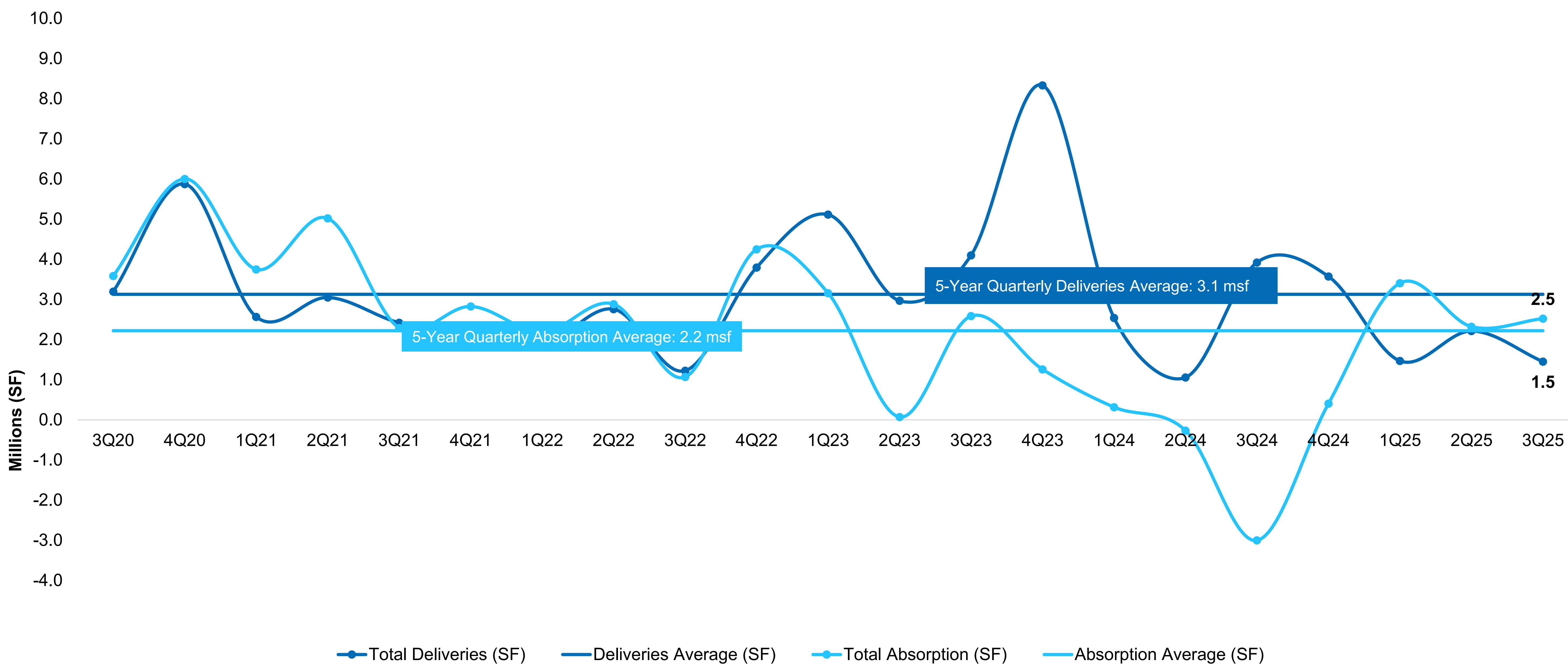


Source: Newmark Research, Altus Data Studio

Absorption Achieves 5-Year Average As New Supply Approaching Near To 5-Year Low

Construction deliveries were well below the five-year quarterly average of 3.1 msf at third-quarter 2025 as leasing momentum improved in the third quarter to help offset a weak performance in the spring and kept absorption through September 2025 above the five-year average. Absorption has now exceeded quarterly new supply since the first quarter of 2025, a feat that had not been previously accomplished since the fourth quarter of 2022. Healthy absorption and a matching reduction in new supply typically helps bring equilibrium.

GTA Industrial Total Construction Deliveries and Absorption

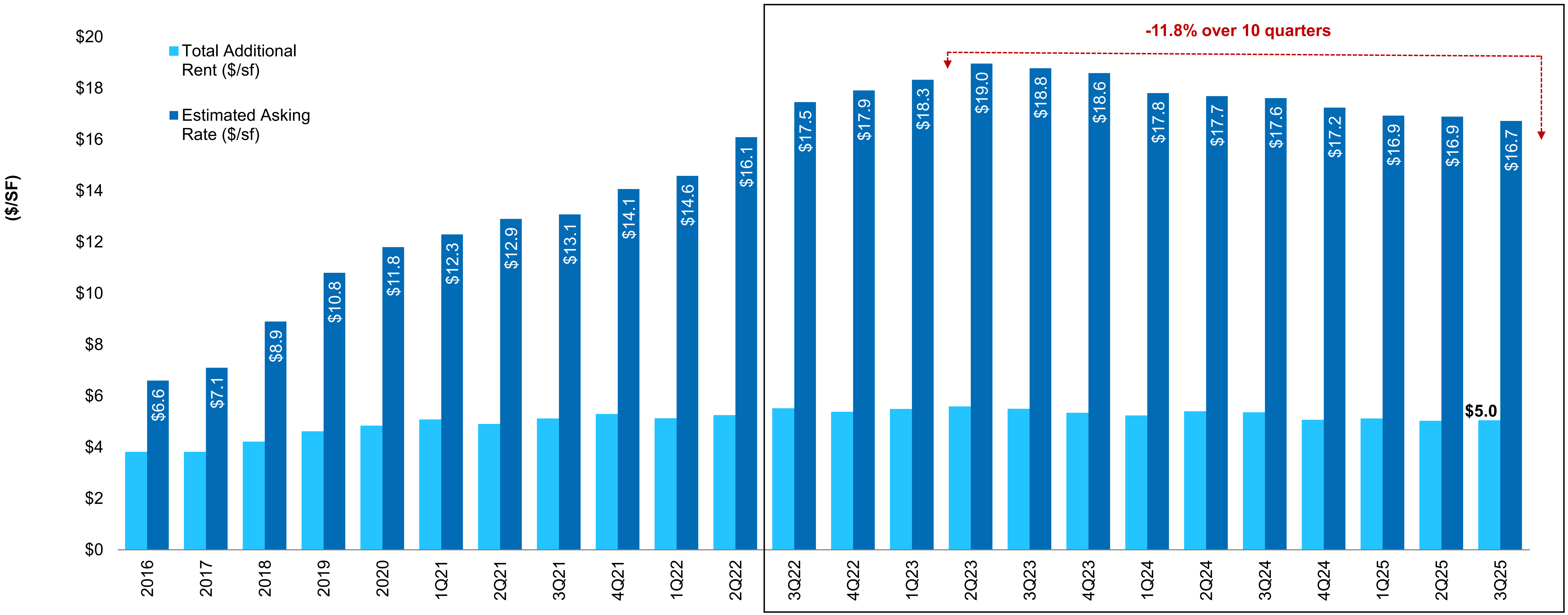


Source: Newmark Research, Altus Data Studio

GTA Estimated Asking Rents Continued To Stabilize As Market Slowdown Drags On

While average estimated asking rents in the GTA industrial market have been sliding since mid-2023 as demand slackened, the pace of rate decline has slowed and appears to have stabilized at ~$17 psf in the GTA. A number of large subleases completed in the third quarter may have contributed to a further albeit likely short-lived deterioration of estimated asking rents as landlords compete with still notable amounts of sublease availability. Rental rate differentiation is occurring with York rents leading the region as Durham offers the lowest rents

Historical GTA Industrial Estimated Asking Rates

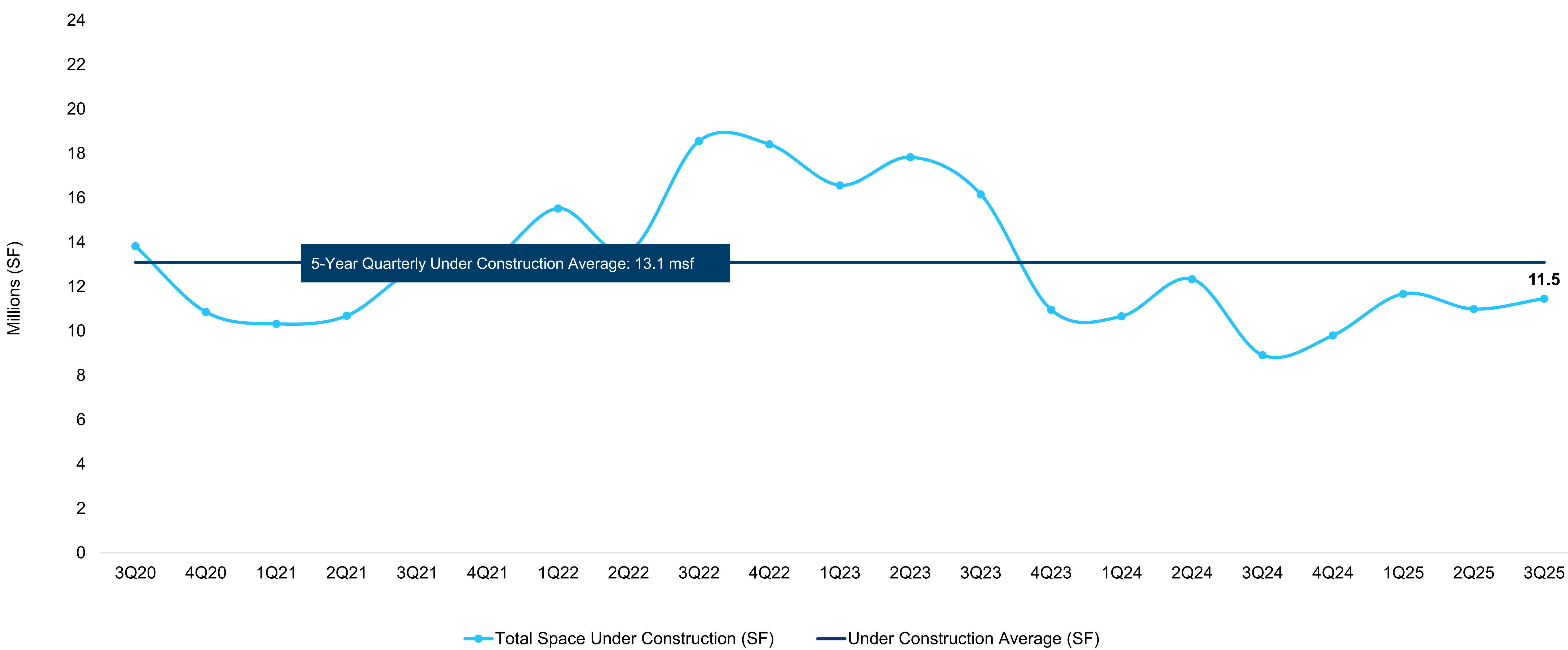


Source: Newmark Research, Altus Data Studio

GTA Industrial Space Under Construction Remains Muted Despite Slip In Availability

New GTA industrial space under construction after the third quarter of 2025 remained well below the five-year quarterly average at ~11.5 msf. After a period of significant new supply delivered from 2022 to 2023, the volume of new space under construction has been steadily trending downwards. That new supply had contributed to substantial upward pressure on vacancy and availability for much of 2024 but had largely started to diminish by early 2025. While overall availability fell 40 bps since the start of 2025, new supply remained muted.

GTA Industrial New Space Under Construction

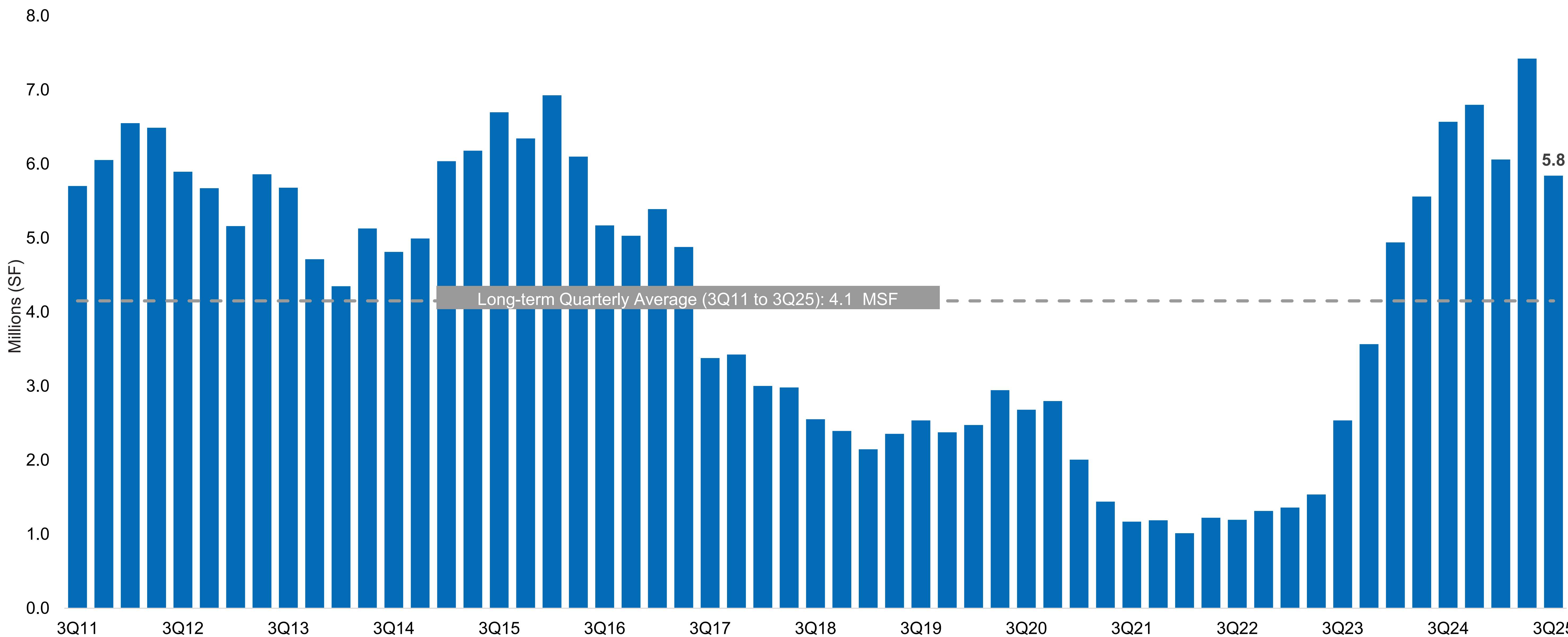


Source: Newmark Research, Altus Data Studio

GTA Industrial Sublet Availability Retreats One Quarter After New Regional Record

Sublease space availability had been rising since mid-2023, surpassing the 15-year quarterly average of 4.2 msf in the first quarter of 2024 then peaking at the end of 2024 before dropping in the first quarter of 2025, the first decline since the third quarter of 2022. However, sublease space availability spiked 23% in the second quarter of 2025 to hit ~7.4 msf, a new record. A quarter on, sublease availability dropped to ~5.8 msf at third-quarter 2025, the lowest point since mid-2024 thanks primarily to a notable reduction in Halton Region.

Available Industrial Sublease Volume, Greater Toronto

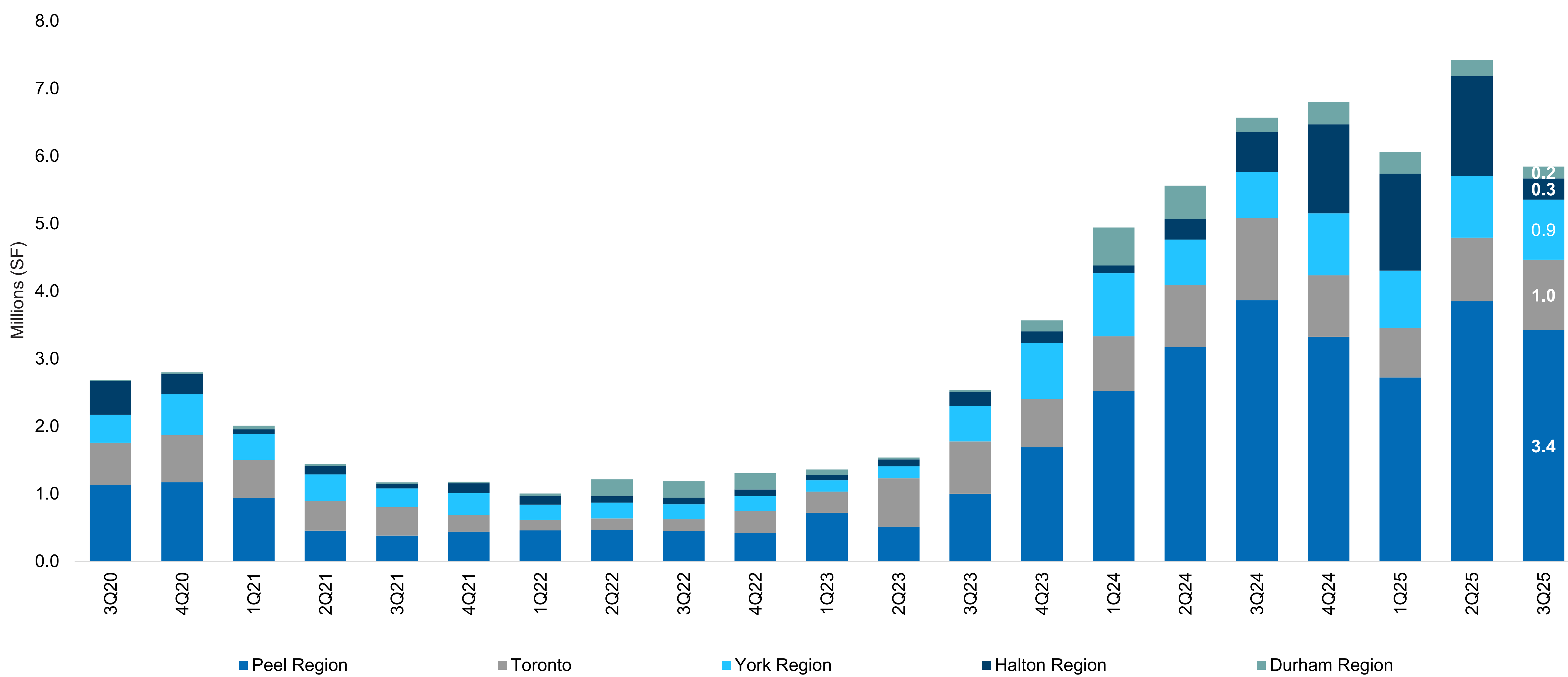


Source: Newmark Research, Altus Data Studio

Sublease Availability Elevated In Most GTA Industrial Submarkets Despite Slight Slide

Sublease space availability in the industrial submarkets of Durham, Halton, Peel and, to a lesser extent, York, in the third quarter of 2025 all recorded notable declines quarter-over-quarter, which saw the regional total of ~5.8 msf at third-quarter 2025 fall to its lowest point since mid-2024. Toronto was the only submarket that posted an increase in sublease availability between the second and third quarters of the year. More than ~58% of the region's available sublease space was in Peel at third-quarter 2025, while Halton fell to just 5%.

Available Industrial Sublease Space, By Region

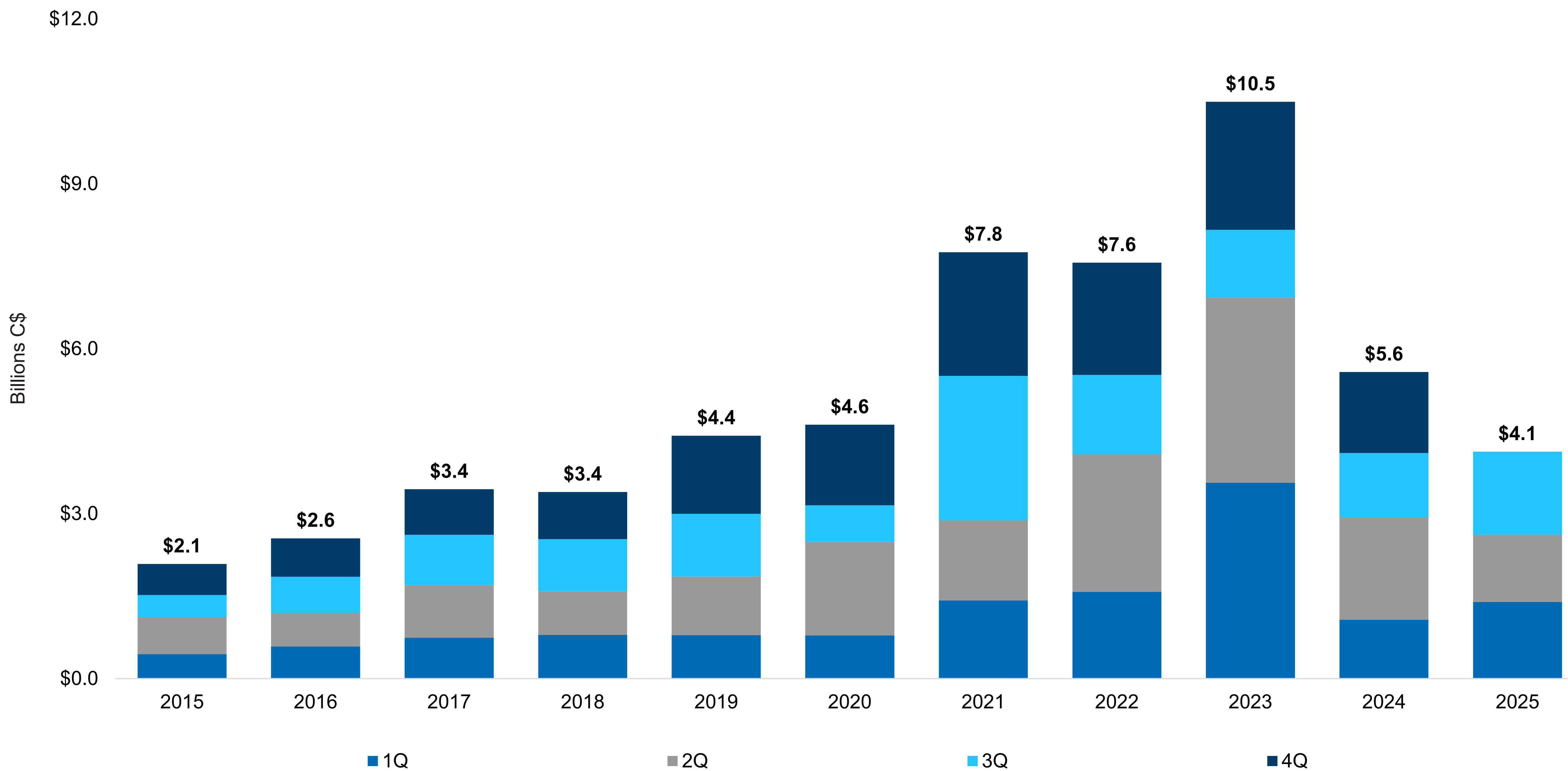


Source: Newmark Research, Altus Data Studio

GTA Industrial Sales To Date On Par With 2024 As Industrial Investors Finding Footing

Industrial sales totalled ~$4.1 billion in the first nine months of 2025, virtually unchanged from the same period in 2024, and represented the lowest sales total since the first nine months of 2020. While transaction dollar volume was notably lower in Peel when compared with the same nine-month period last year, sales in Toronto, York and Durham have already surpassed their annual totals for 2024. The GTA's largest third-quarter deal was the $143M sale of 11400 Steeles Avenue East in Halton Hills, one of only two sales exceeding $100M.

Greater Toronto Area: Industrial Sales Volume | By Quarter



Source: Newmark Research, Altus Data Studio

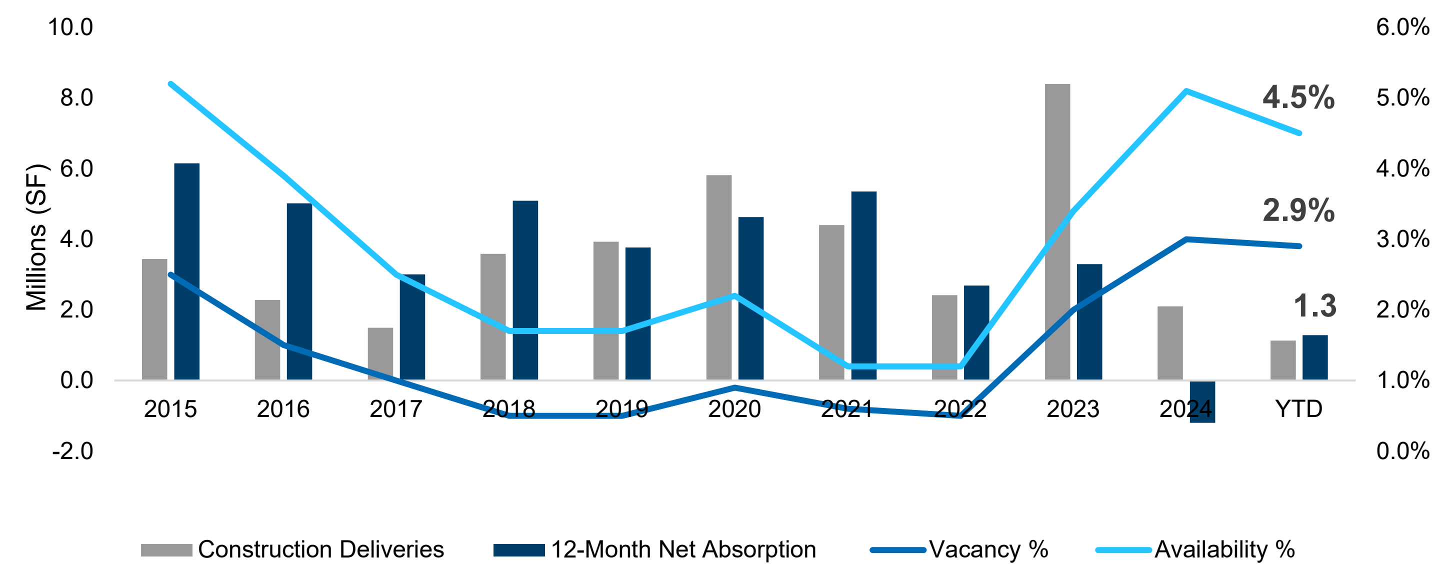
3Q25

GTA Industrial Submarket Snapshots

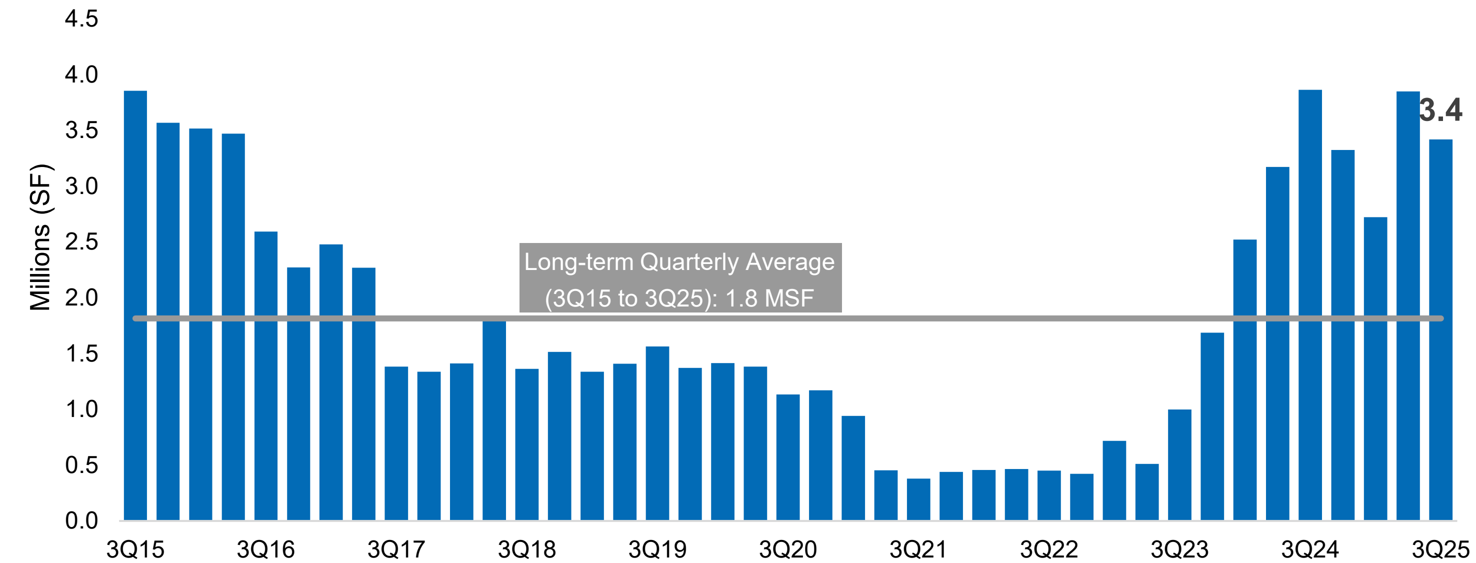
Peel Region

Thanks to a sharp decline in new supply since 2023 and moderate annual absorption in 2025, vacancy in the GTA's largest industrial submarket landed at 2.9% through third-quarter 2025. After contributing the most negative absorption in the region during the second quarter, tenants in Peel reversed course and generated the most positive absorption in the GTA in the third quarter of 2025. Despite stable vacancy and rental rates as well as overall availability falling, more than 3.4 msf of available sublease space remains and 16 buildings offering ~4.8 msf are under construction, which may serve to potentially push up vacancy and availability in the face of diminished leasing activity and undermine the submarket's recovery.

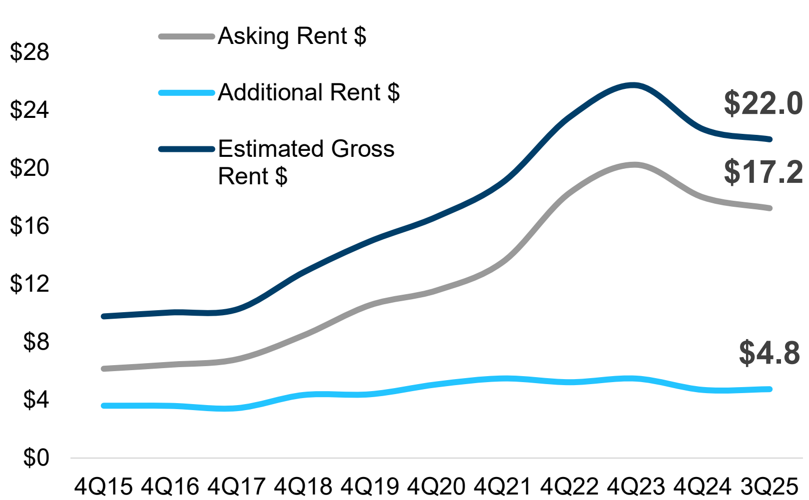
Peel Region Industrial Submarket Fundamentals



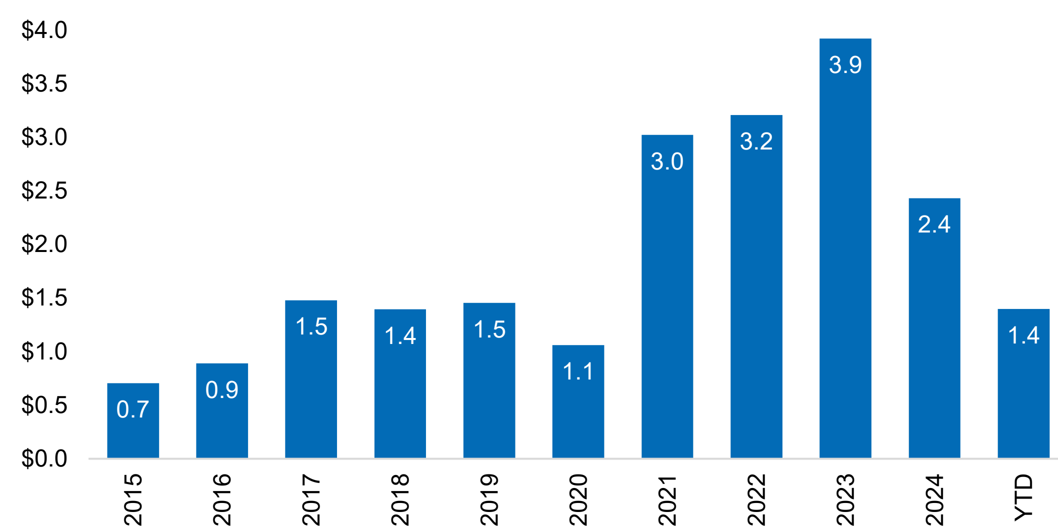
Peel Region Historic Sublease Availability



Peel Region Historic Industrial Rents – C$/SF



Peel Region Industrial Investment Volume (C$billions)*



Third Quarter Deals

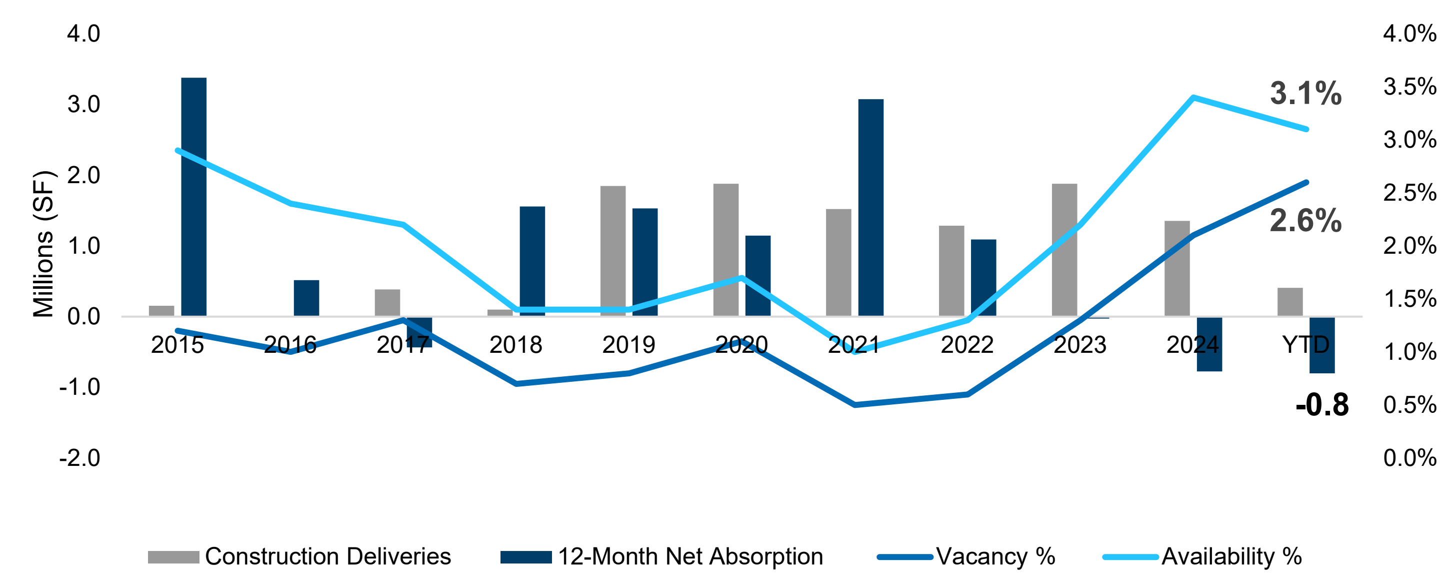
Tenant/Occupant	Building	Type	Square Feet
Vision Transportation Systems Inc.	6495 Tomken Road, Mississauga	Lease	288,470
Armacell Canada	153 Van Kirk Drive, Brampton	Renewal	248,000
Mainfreight	5405 Countryside Drive, Brampton	Lease	247,150
Direct LP	88 Foster Crescent, Mississauga	Lease	246,500
Axium Packaging	25 Rainham Court, Brampton	Lease	227,000

Source: Newmark Research, Altus Data Studio, CoStar
* excluding non-arms length transactions

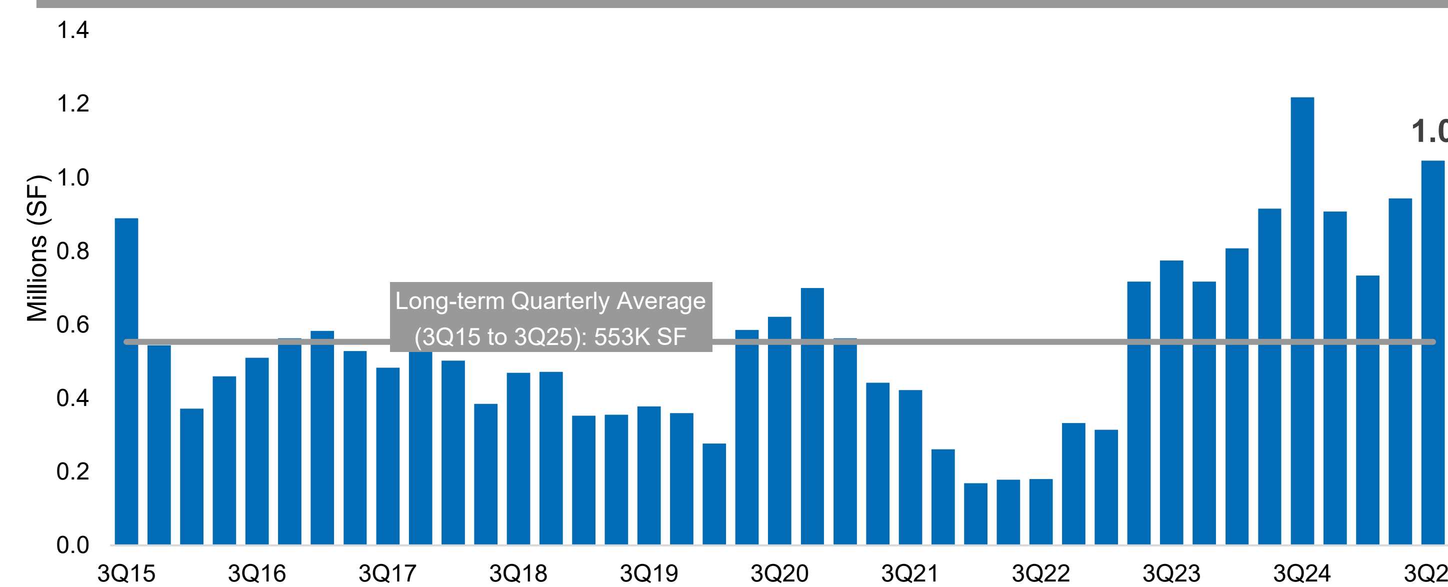
Toronto

Weakening demand in the region's original industrial submarket led vacancy to rise to 2.6%, the most vacancy recorded in Toronto since the third quarter of 2014. Toronto also led the GTA in terms of negative absorption through the third quarter of 2025. Sublease availability also hit its second highest total in the past decade at more than 1.0 msf. New supply has been in a steady decline since 2023.with just three buildings totalling ~1.0 msf under construction. An excess off dated and inefficient inventory is contributing to the elevated vacancy.

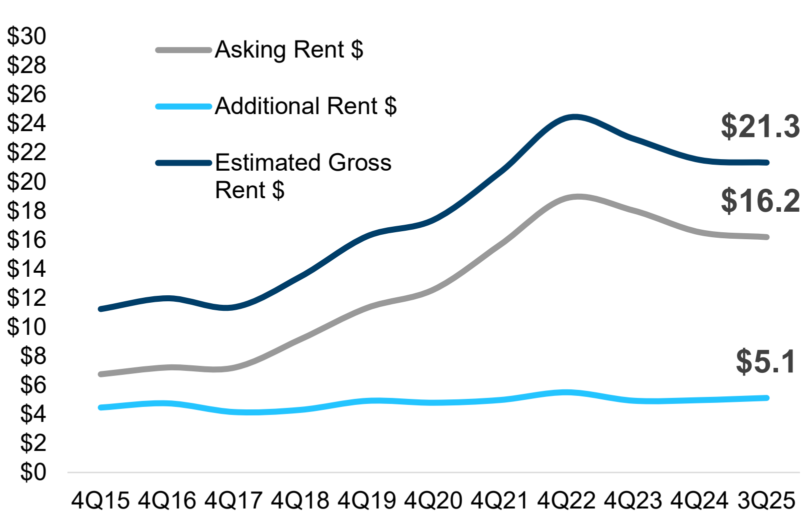
Toronto Industrial Submarket Fundamentals



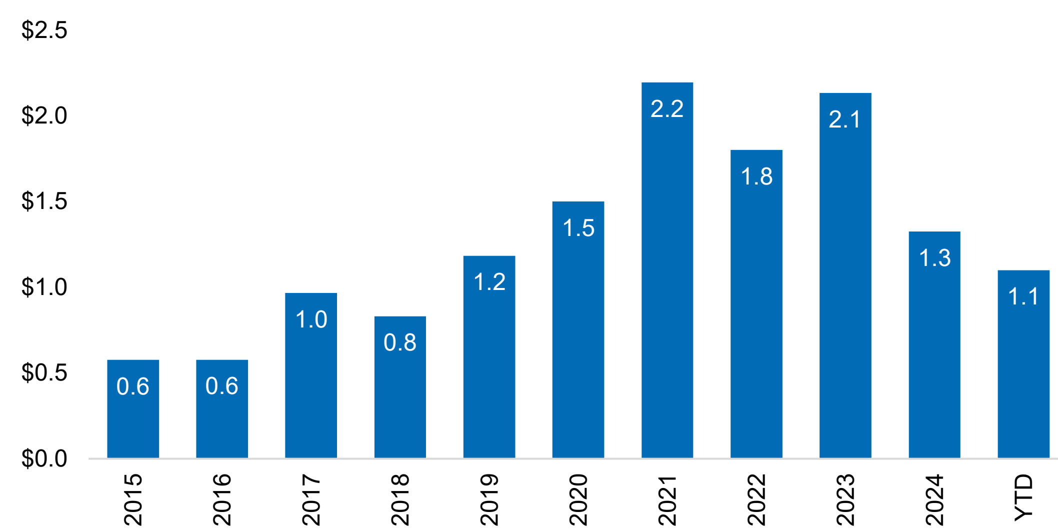
Toronto Historic Sublease Availability



Toronto Historic Industrial Rents – C$/SF



Toronto Industrial Investment Volume (C$billions)*



Third Quarter Deals

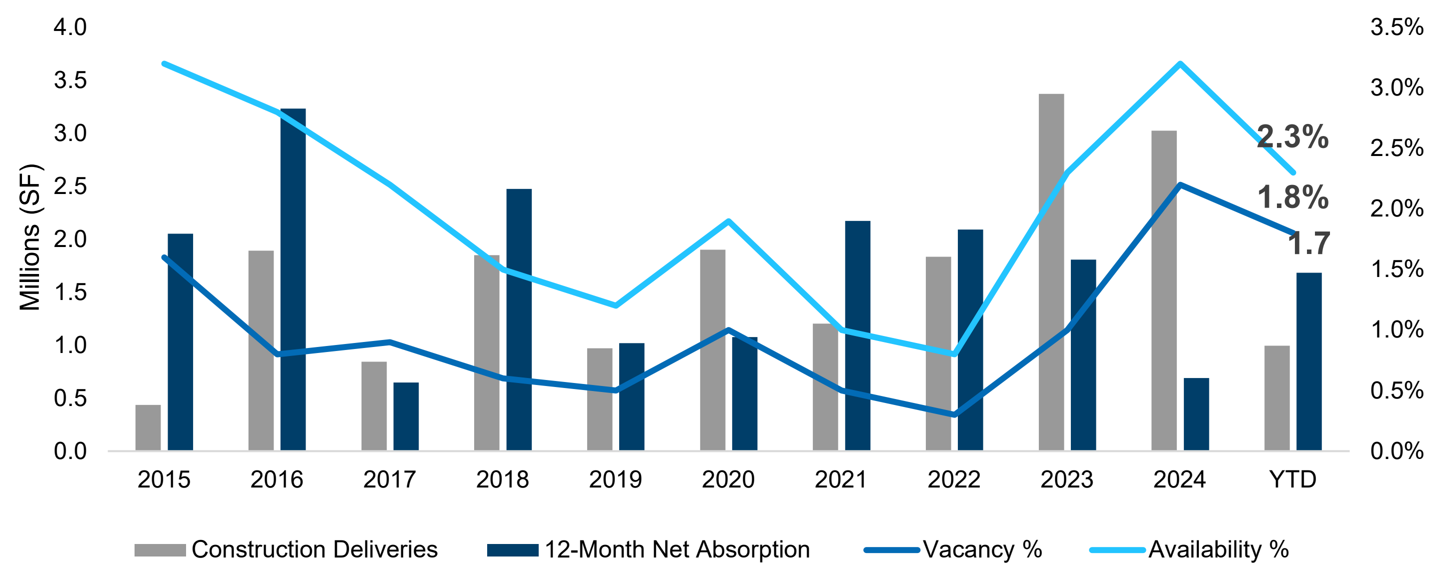
Tenant/Occupant	Building	Type	Square Feet
Acrocargo Express	160 Carrier Drive, Etobicoke	Lease	271,450
Zion Building Supplies	2388 Midland Avenue, Scarborough	Lease	127,000
Bobrick Washroom Equipment	601-607 Milner Avenue, Scarborough	Lease	109,400
Panda Mart	53-55 Hymus Road, Scarborough	Lease	53,430
Minimax Express Transportation	50 Belfield Road, Etobicoke	Lease	52,000

Source: Newmark Research, Altus Data Studio, CoStar
* excluding non-arms length transactions

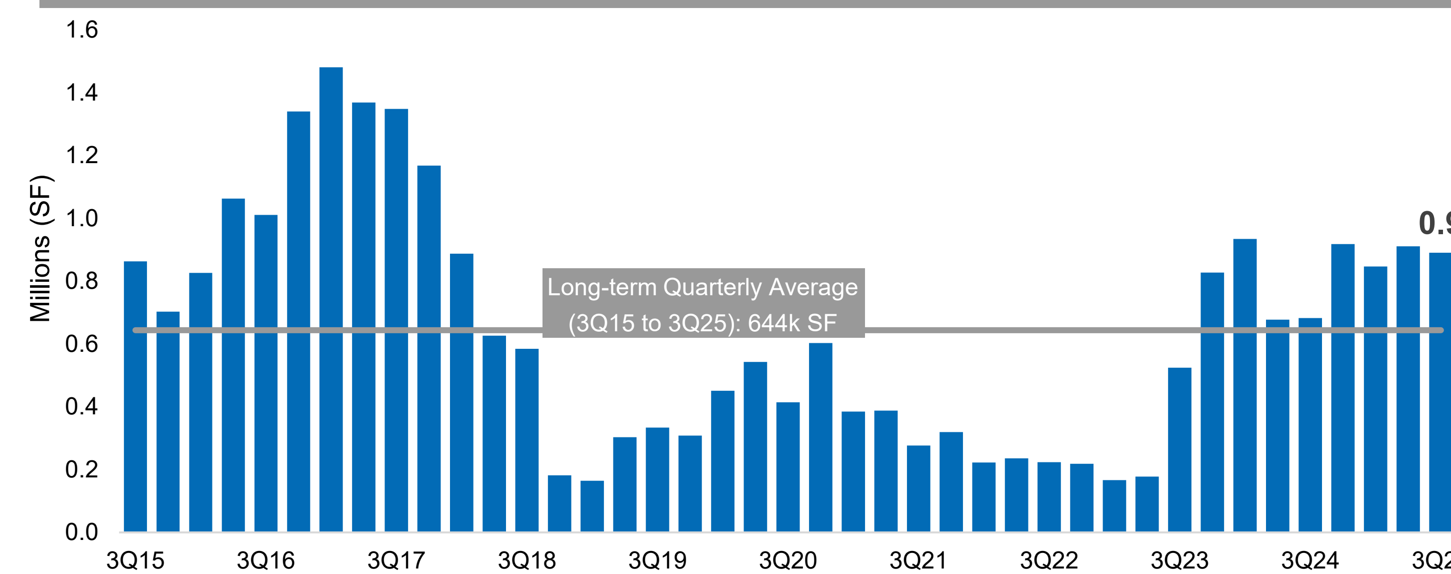
York Region

York Region was the tightest submarket in the GTA with vacancy at 1.8% at the third quarter of 2025 while also dominating the region with positive absorption of ~1.7 msf in the first nine months of 2025. Sublease availability remained limited while the submarket maintained the GTA's highest average rent. Minimal new supply in 2025 to date combined with strong absorption has exerted notable downward pressure on vacancy and availability, a trend that will likely come to an end shortly with 16 buildings comprising ~3.9 msf under construction.

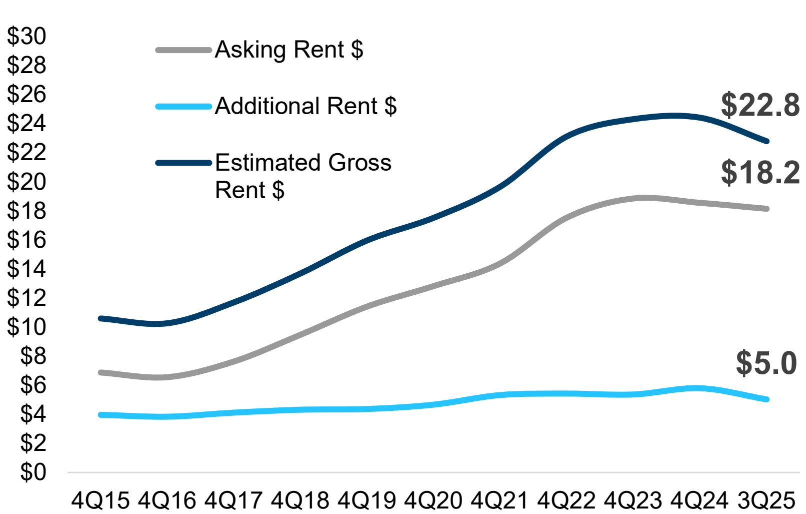
York Region Industrial Submarket Fundamentals



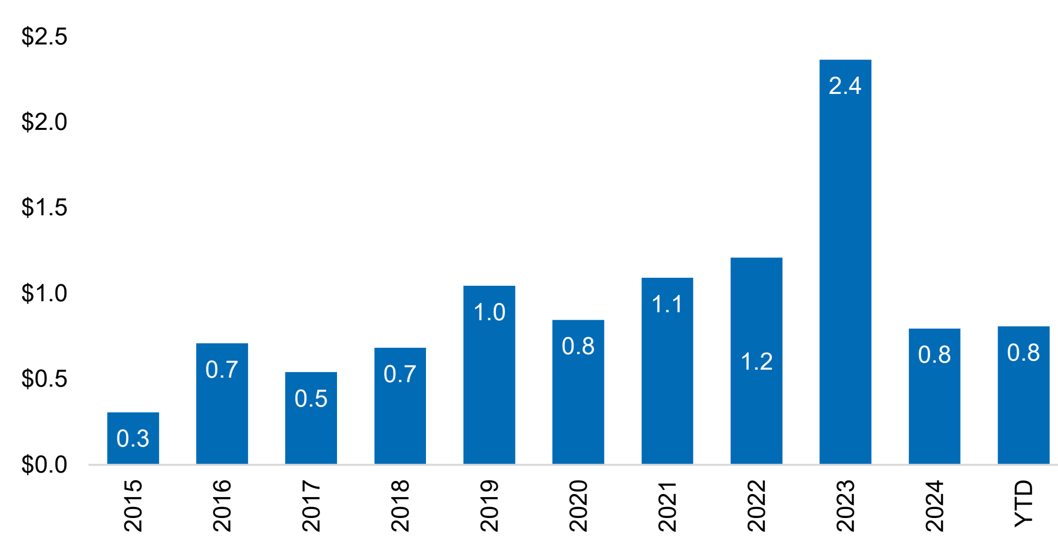
York Region Historic Sublease Availability



York Region Historic Industrial Rents – C$/SF



York Region Industrial Investment Volume (C$billions)*



Third Quarter Deals

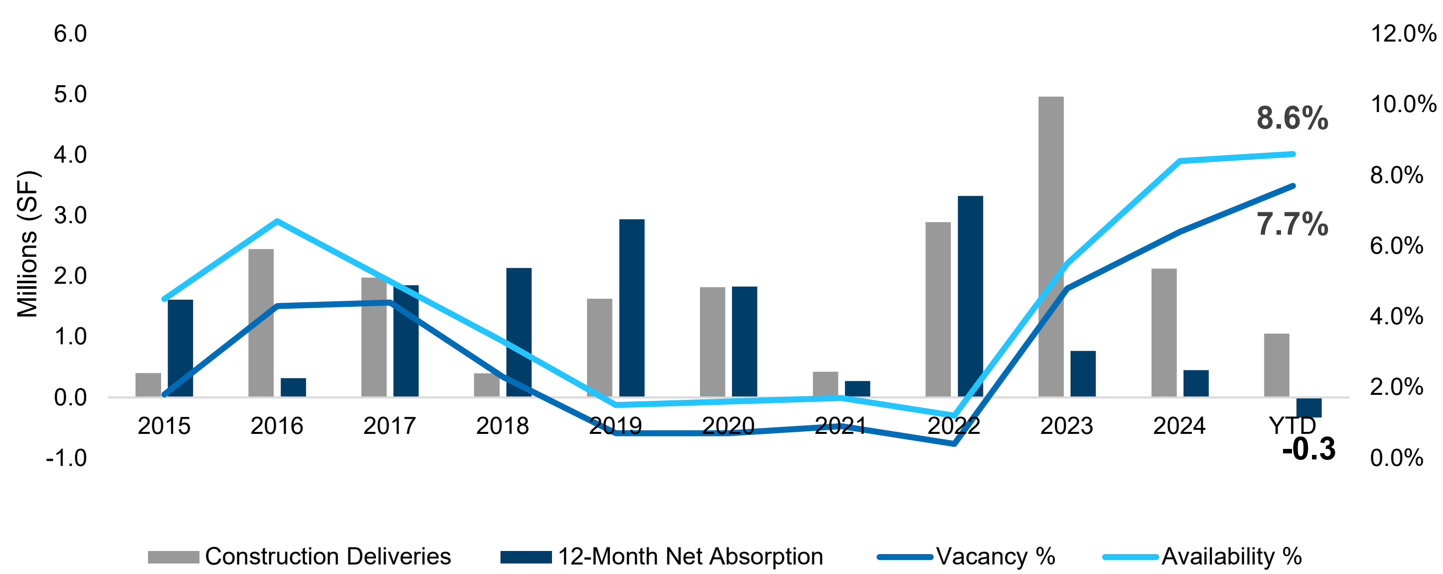
Tenant/Occupant	Building	Type	Square Feet
SVP Sports	35 Orlando Avenue, Richmond Hill	Sublease	218,010
Calibre Sales	8162 Keele Street, Vaughan	Renewal	120,000
Microart Services	1490 Street, Markham	Lease	100,000
APR Beauty Group	35 Staples Avenue, Richmond Hill	Lease	85,640
Visual Elements Manufacturing	20 Regina Road, Vaughan	Lease	63,300

Source: Newmark Research, Altus Data Studio, CoStar
* excluding non-arms length transactions

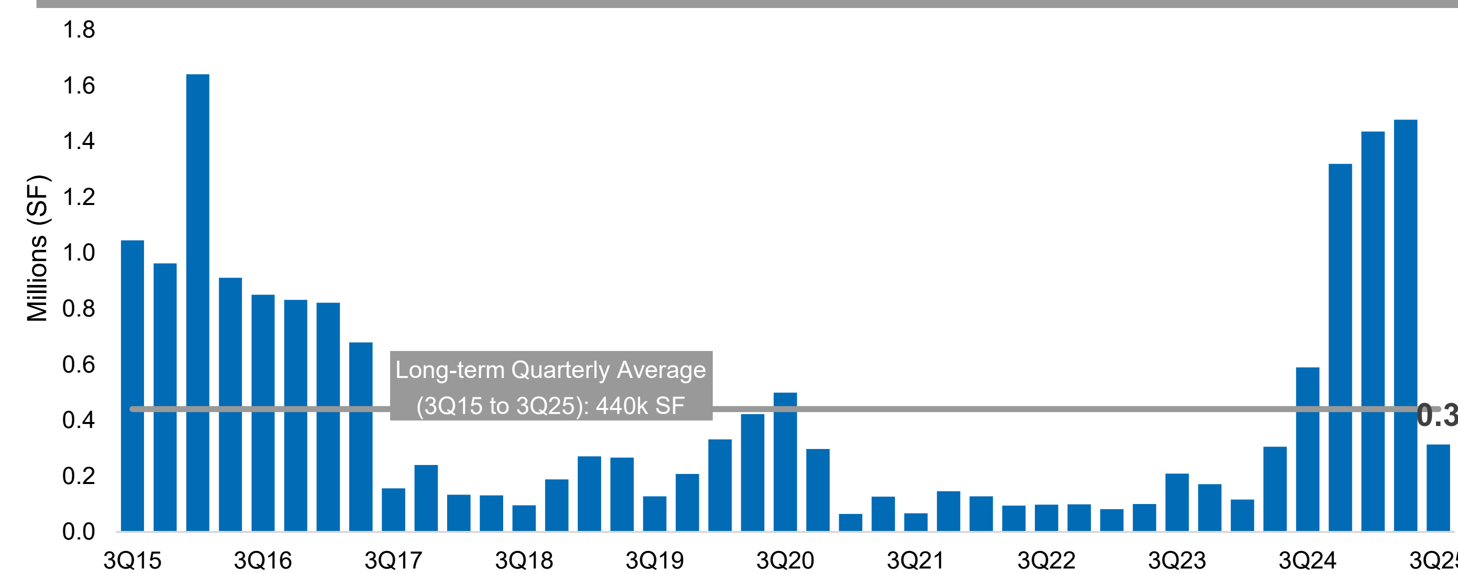
Halton Region

Halton had the highest industrial vacancy rate in the GTA at the third quarter of 2025 due to significant oversupply delivered in 2023 in the face of faltering absorption that resulted in increases to availability and vacancy during the past 24 months. Absorption was weak through 2024 and Halton is one of two GTA industrial markets with negative absorption through the third quarter of 2025. While tenants avoided head lease obligations, sublease availability plunged from 1.5% to 0.3% quarter-over-quarter as flexibility and value proved attractive.

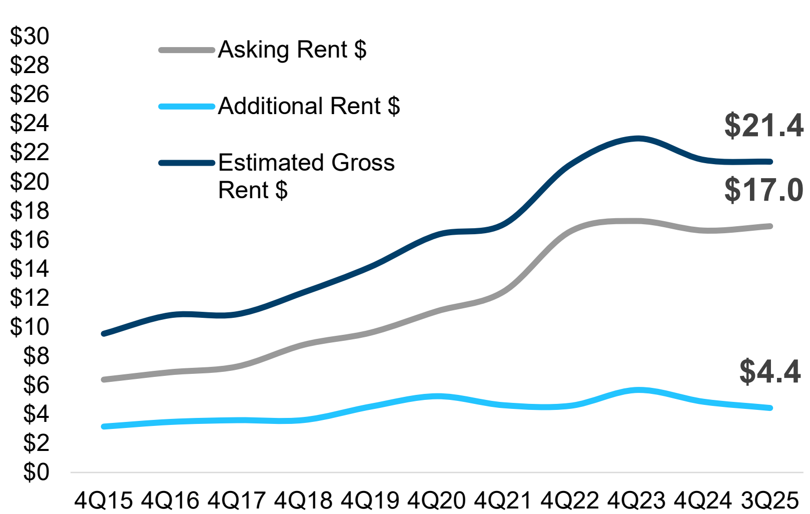
Halton Region Industrial Submarket Fundamentals



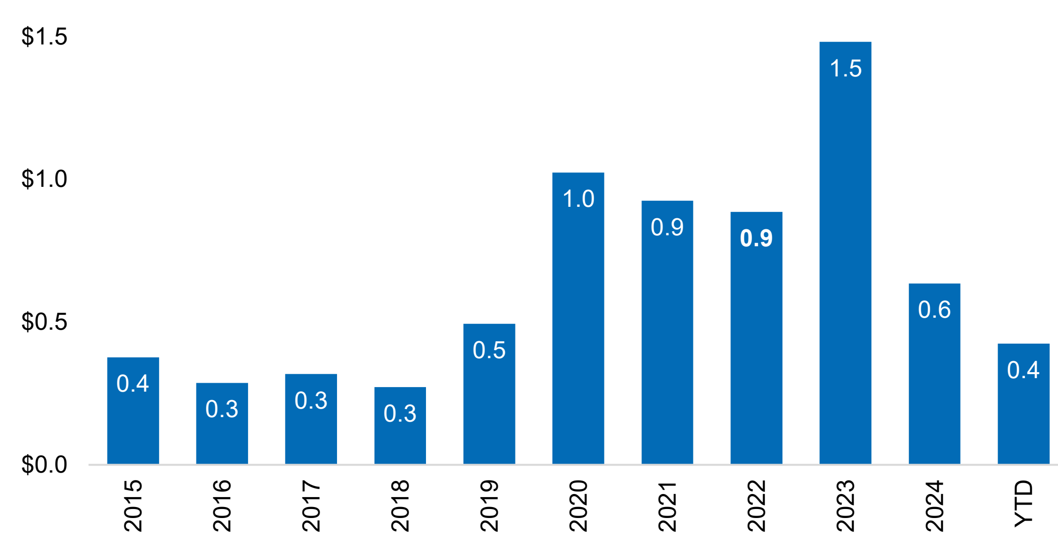
Halton Region Historic Sublease Availability



Halton Region Historic Industrial Rents – C$/SF



Halton Region Industrial Investment Volume (C$billions)*



Third Quarter Deals

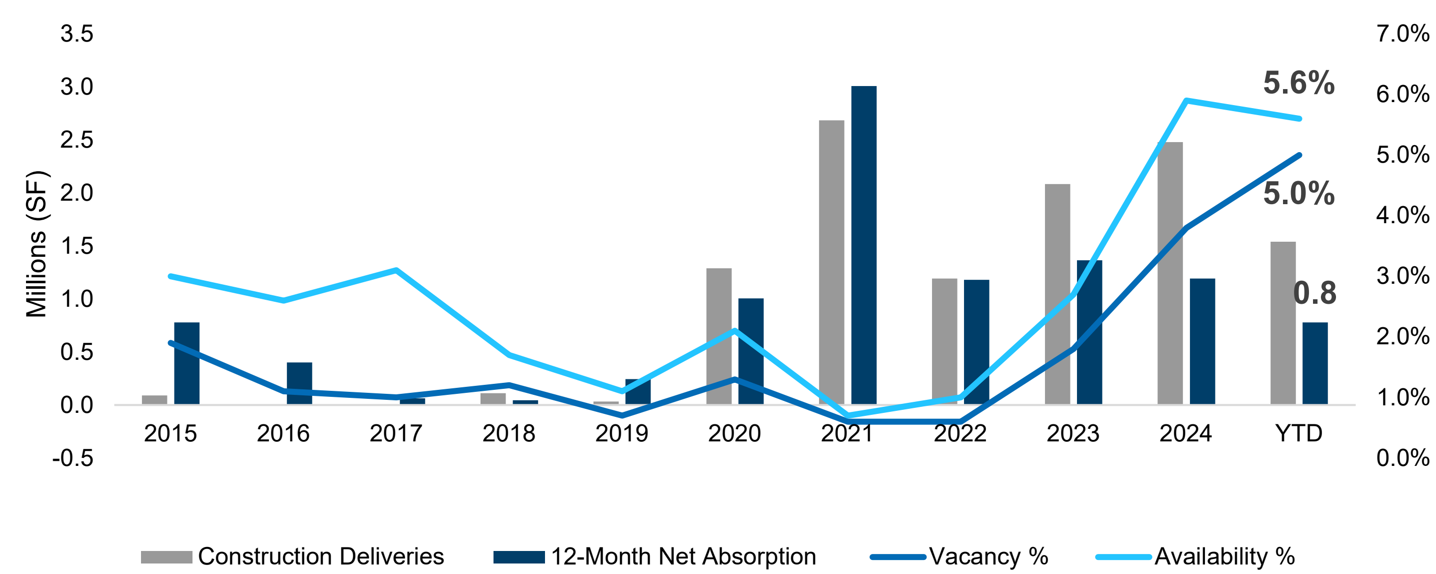
Tenant/Buyer	Building	Type	Square Feet
Walmart	7095 Fifth Line, Milton	Sublease	749,950
CTS	2995 Peddie Road, Milton	Sublease	303,190
Undisclosed	3100 Mainway, Burlington	Lease	93,000
NWS Next	8400 Lawson Road, Milton	Lease	58,300
International Shared Warehouse	6670 Fifth Line, Milton	Lease	50,220

Source: Newmark Research, Altus Data Studio, CoStar
* excluding non-arms length transactions

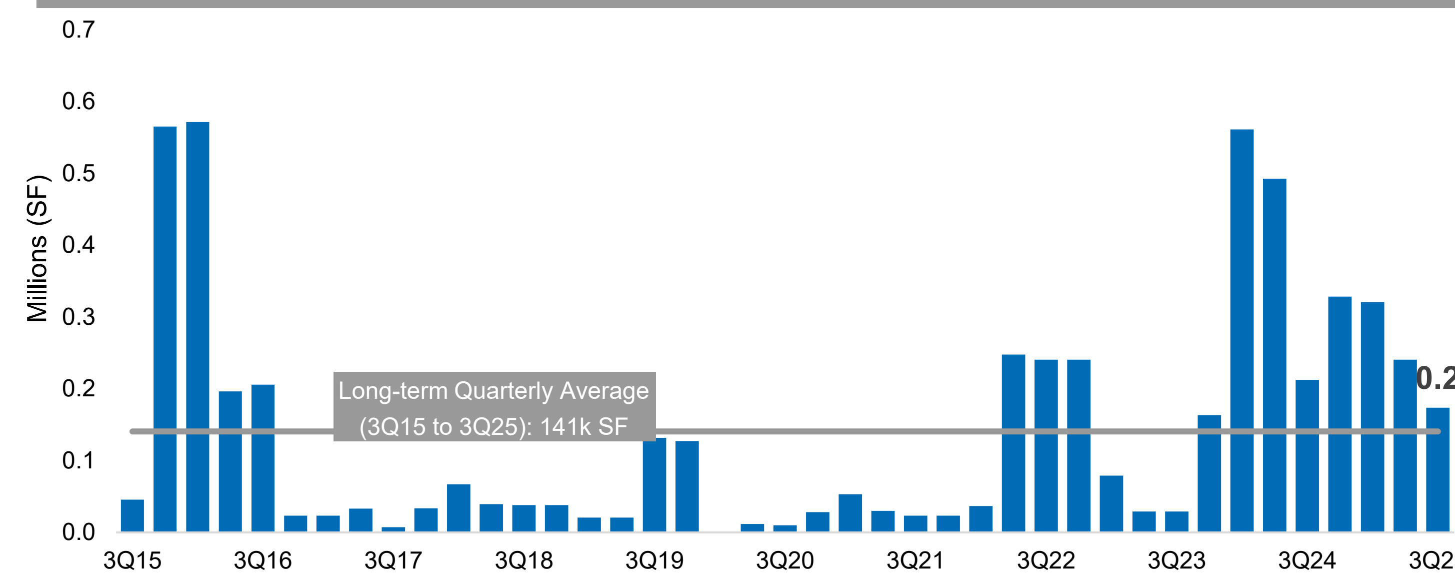
Durham Region

A decline in the delivery of new supply and notable absorption through the third quarter of 2025 as tenants likely took advantage of the lowest rents in the GTA saw vacancy stabilize at ~5.0% in 2025 to date as availability dipped to 5.6% from year-end 2024. While availability did remain near historic highs despite slipping slightly, less new supply in 2025 should see that decline accelerate thanks in part to a rapid reduction in sublease availability during the past nine months. Eight buildings totalling 1.16 msf were under construction as of September 30.

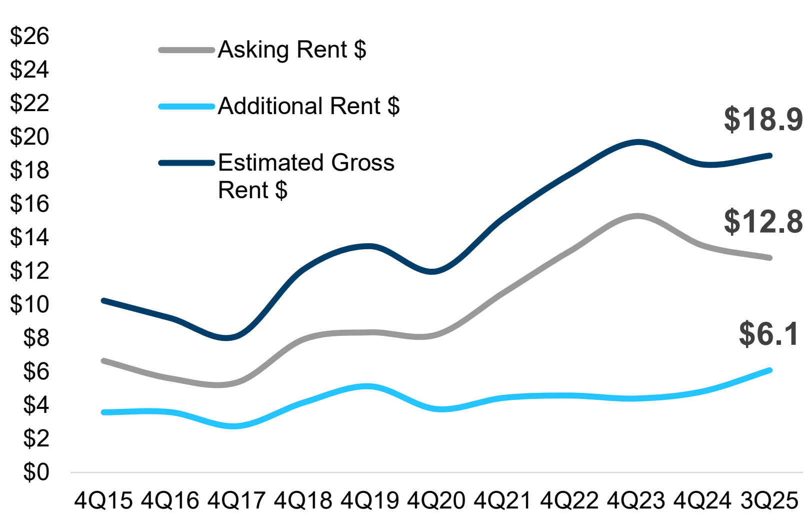
Durham Region Industrial Submarket Fundamentals



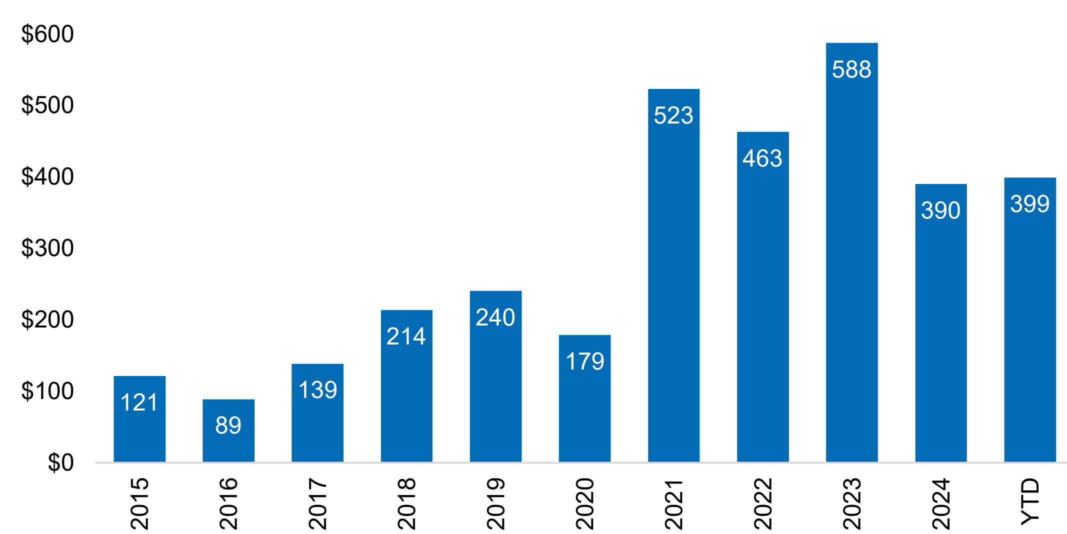
Durham Region Historic Sublease Availability



Durham Region Historic Industrial Rents – C$/SF



Durham Region Industrial Investment Volume (C$millions)*



Third Quarter Deals

Tenant/Buyer	Building	Type	Square Feet
PPFD	901 Hopkins Street, Whitby	Lease	146,540
Undisclosed	3 Keensford Court, Ajax	Lease	61,010
Government tenant	1635 Bayly Street, Pickering	Lease	45,000
CF&R Services	1920 Clements Road, Pickering	Lease	38,440
WCI Environmental	524 Watson Street East, Whitby	Lease	10,350

Source: Newmark Research, Altus Data Studio, CoStar
* excluding non-arms length transactions

For more information:

Andrew Petrozzi
Director & Head of Canada Research
andrew.petrozzi@nmrk.com

Newmark Canada Headquarters
#710 – 320 Bay Street
Toronto, ON M5H 4A6
t 416-599-3700

nmrk.com

NEWMARK